Interparfums

Letter to shareholders 2020

2020

Letter to shareholders

Dear friends,

While the year has been unpredictable to say the least, despite difficult conditions, Interparfums performed well in 2020 with sales of more than €340 million and an operating margin between 7% and 8%.

And while these figures are well below our customary levels, they nevertheless represent an excellent performance given the health, geopolitical and economic context, particularly in the first half.

The different measures we adopted to safeguard our fundamentals, revenue and cash position enabled us to surmount most difficult moments of the crisis until conditions improved in the second half where renewed momentum helped us offset at least in part the downturn of the beginning of the year.

However, in a year so atypical, in our view, our performance and strength are best illustrated by our business achievements.

We refer in particular to the signature of the license agreement with the Italian brand, Moncler, with its unique history, market positioning and know-how. Moncler is one of the most beautiful luxury brands that exists and its potential over the medium-term is obvious.

We have also taken a significant step for developing into the e-commerce segment by signing an important agreement with www.origines-parfums.fr.

Finally, 2020 was marked by an essential shift in the area of sustainable development. This year more than ever we have seen the growing resonance of this key issue for the future of our planet. By presenting a major project for the Rochas brand in the 2021 first quarter, Interparfums is already preparing the way for a more mature and responsible market of tomorrow where economic, social, societal and environmental priorities must coexist.

And so while the year was difficult, it provided us with an opportunity to address the full range of challenges of tomorrow. For these reasons, we remain firmly optimistic about our future and our capacity for perpetual reinvention.

Best regards to all,

Philippe Benacin
Chairman –
Chief Executive Officer

Philippe Santi
Executive
Vice President

Signature of the Moncler license agreement



Moncler was founded at Monestier-de-Clermont, Grenoble, France, in 1952 and is currently headquartered in Italy. Over the years, the brand has combined style with constant technological research assisted by experts in activities linked to the world of the mountain. The Moncler outerwear collections marry the extreme demands of nature with those of city life. In 2003, Remo Ruffini took over the company, of which he is currently Chairman and CEO. Moncler manufactures and directly distributes the clothing and accessories collections under the brand Moncler through its boutiques and in exclusive international department stores and multi-brand locations.

In June 2020, Moncler and Interparfums announced the signature of an exclusive worldwide license agreement for fragrances for a term ending December 31, 2026, with a potential 5-year extension.

The launch of the first fragrance line is planned for the 2022 first quarter.

An equity partnership in Origines-parfums.fr

As a website of reference for all selective fragrance brands, *Origines-parfums* is a key French player in the online beauty market, recognized for its customer relationship expertise.

Interparfums and Divabox, owner of the *Origines-parfums* e-commerce platform for beauty products, signed a strategic and an equity partnership whereby Interparfums acquired 25% of Divabox's capital through a reserved capital increase.

For Interparfums, this agreement will contribute to the introduction of dedicated fragrance lines and products designed to address a specific demand of consumers within this distribution channel and accelerate the Group's digital development.

Coach

With revenue remaining steady in Q3, Coach fragrances had €57 million in sales at the end of September, regaining a certain momentum, driven notably by the launch at the start of the year of *Coach Dreams*.

Coach Dreams is a playful and lighthearted fragrance. Inspired by 21st century dreamers and their carefree spirit of adventure, it conveys the excitement of a road trip with friends across the United States.



Rochas

Rochas fragrances had €20.5 million in revenue at the end of September, returning to a level nearly identical with last year's third quarter. On this basis, the brand recovered its past vigor, bolstered in particular by the launch at the beginning of the year of the *L'Homme Rochas* line.

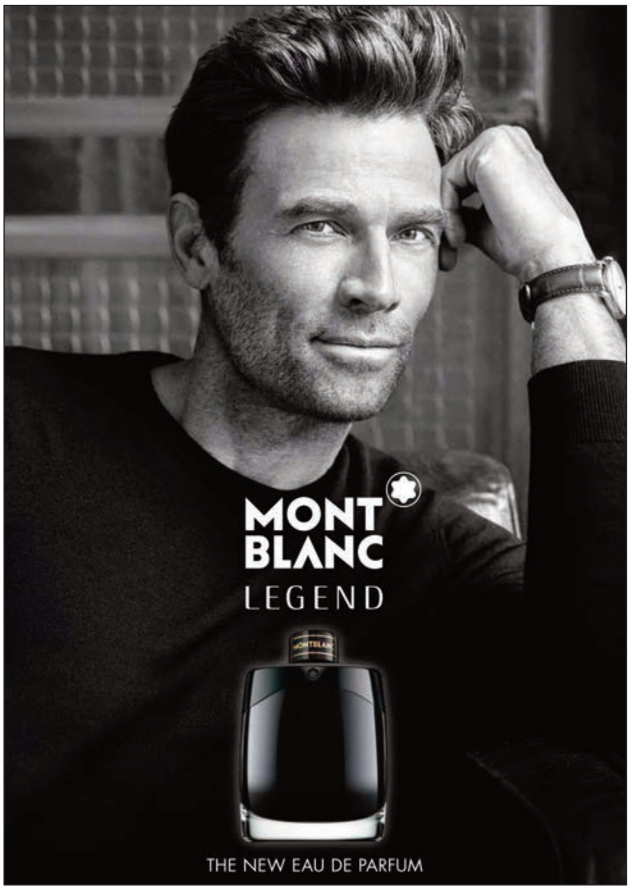
As the reflection of Parisian chic, this incarnation of *L'Homme Rochas* exudes wild, irresistible and thoroughly masculine charm, embodying the elegance of a new French lover.



Montblanc

After a sharp decline in the first half magnified by an unfavorable base effect linked to the launch of the men's line, *Montblanc Explorer*, in H1 2019, sales by Montblanc fragrances have returned to more normal levels with revenue of €67.6 million for the first nine months of the year.

In this more intense version of *Monblanc Legend*, the olfactory identity of the original fragrance remains, enhanced with a new woody leather accord. *Monblanc Legend* Eau de Parfum is a more concentrated interpretation with an assertive character.





Lanvin

Lanvin fragrances registered nearly €23 million in sales for the first nine months, remaining steady in the third quarter in relation to last year's same period, benefiting from improved trends in Eastern Europe and Asia as from mid-August.

Éclat d'Arpège Sheer, celebrates love in the spirit of *Éclat d'Arpège* with smiles and tenderness.



Jimmy Choo

Jimmy Choo fragrances had sales at the end of September of €48.6 million, down 39%. This decline resulted from both an unfavorable base effect from the launch of the men's line, *Urban Hero*, in September 2019 in addition to the strong impact of the health crisis in the brand's key markets.

The *Seduction Collection* is a beauty capsule of exclusive fragrances combined with an assortment of nail colors and lipstick. The Jimmy Choo charm and attitude, from fingernails and lips… to a fragrance trail.

Van Cleef & Arpels

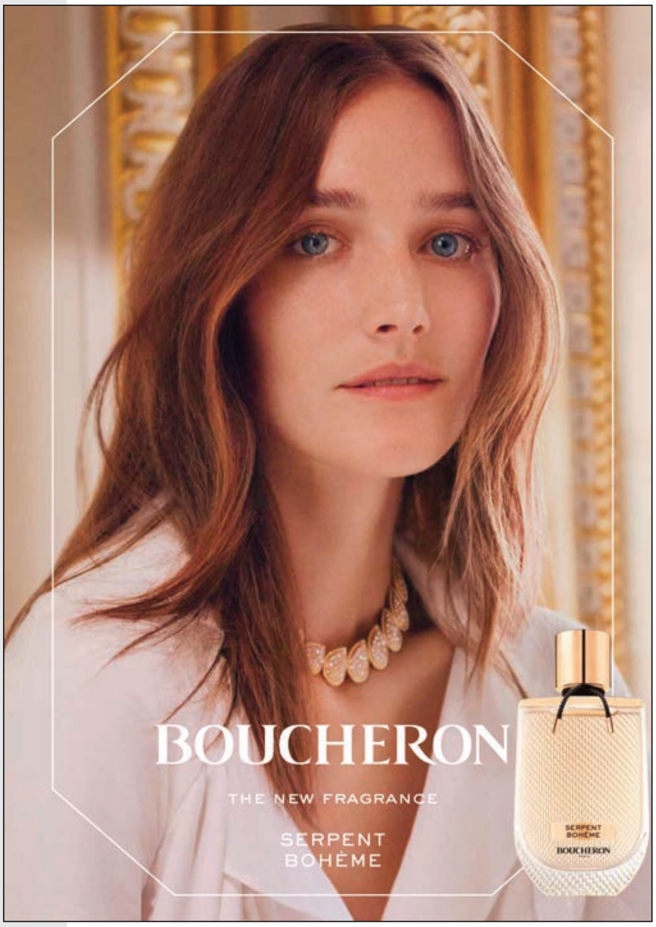
Collection Extraordinaire Oud Blanc

Van Cleef & Arpels explores new territory with a surprising reinterpretation of the legendary wood with *Oud Blanc*.



Boucheron

Serpent Bohème embodies a free spirit, independence and elegance, unencumbered by conventions or dictates. A celebration of everyday life, guided by beauty and dreams.



Karl Lagerfeld

Places by Karl: Traveling the globe with Karl Lagerfeld…

PARIS, 21 rue Saint-Guillaume is both a sensual and minimalist fragrance, just like the chic and genuine Parisian woman whose seduction derives from her own naturalness and simplicity.

NEW YORK, Mercer Street, capturing the spirit of the magnificent metropolis, provokes an immediate sensation of freshness and energy.



Repetto

Dance with Repetto Floral is an ode to an emotion, clarity and movement, a state of grace and freedom – the very essence of dance.



S.T. Dupont

S.T. Dupont Collection *Golden Wood*

Golden Wood, new woody signature range as bright as gold…



Paul Smith

Romantic and unique, *Paul Smith Rose Limited Edition* is the perfect declaration of love.





Kate Spade

Created in Manhattan in 1993, the Kate Spade New York brand is the incarnation of a joyful art de vivre and a lifestyle driven by optimism. Its fresh style, pop-inspired world and high-quality products make it an essential brand. The first women's fragrance line, *Kate Spade*, will be launched in the first half of 2021.

Key figures 2020

A significant rebound in sales

250 million
in sales at September 30, 2020

€340 million
in sales expected for 2020

Operating profitability preserved

7.5%
operating margin
of at June 30, 2020

a 7%-8%
operating margin target for 2020

A solid balance sheet

€475 million
of shareholders' equity
at June 30, 2020

a cash position of between
€200 million and €230 million
expected at December 31, 2020

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Stock Market

Dividends and bonus share issue

Interparfums initiated a dividend distribution policy in 1998 by distributing 10% of its net income at that time. This payout ratio was subsequently increased to up to 65%, providing shareholders with significant returns while at the same time associating them with the Group's expansion.

As an exceptional measure linked to the health crisis, no dividend was distributed for fiscal 2019.

In June 2020, the company proceeded with its 21st bonus share issue on the basis of one new share for every ten shares held.

2021 investors calendar

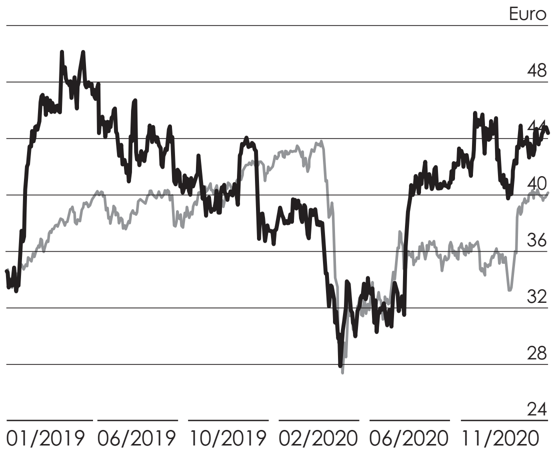
January 26, 2021:
2020 sales

March 2, 2021:
2020 annual results

April 22, 2021:
2021 first-quarter sales

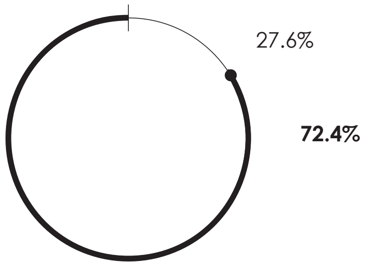
April 23, 2021:
Annual General Meeting

Trading activity: Interparfums vs. the SBF 120



Stock price at 12/08/2020	€43.00
Change since 1/01/2020	+ 28%
Market capitalization at 12/08/2020	€2.235bn

2020 shareholder structure



Interparfums Inc. (founders Philippe Benacin and Jean Madar): 72.4%
Public: 27.6%
Foreign investors: 13.3%
French investors: 6.1%
Individuals: 6.9%
Treasury shares: 0.9%
Employee stock ownership: 0.4%

Interparfums has 11,290 individual shareholders and 380 institutional shareholders (with foreign investors representing one third).

Corporate social responsibility

Social and societal values have been an important component of Interparfum's development for a number of years, exemplified notably by an attractive policy of employee benefits and solid relations with its partners. The versatility and strength provided by this approach enabled the Group to get through the year, preserving its assets as well as its core values and financial performances.

At the environmental level, the company does not have its own manufacturing base. Instead it has chosen until now to support its industrial partners by placing an emphasis on quality, the use of good manufacturing practices and innovation.
The construction of a HQE *(Haute Qualité Environnementale)* high quality environmental certified warehouse in 2011 and sourcing in Europe more than 80% of its needs highlight the efforts undertaken in recent years.

Today, reflecting the stakes in terms of protecting the planet, Interparfums now intends to also exercise an increasingly active role in contributing to the environment.

To support this approach, at the initiative of Executive Management, it has just created a CSR Steering Committee, consisting of members of the Operations & supply chain, Human Resources, Legal Affairs and Communications teams, tasked with formalizing the company's CRS strategy focusing on the following priorities:

- Reinforcing its status as a responsible employer, by notably creating a "Responsible Employer Charter" and strengthening the employee training plan;
- Reducing its environmental footprint, notably by adopting environmentally optimized design specifications including using less plastic, cardboard and glass for each of the products developed.

The launch of a first low environmental impact line for the Rochas brand marks the first stone of this new edifice…

How to become an Interparfums shareholder

Bearer shares:

Your shares are not registered in Interparfums' share account. Your financial intermediary maintains your security account and is your only contact for share services. As such, only this intermediary can apply custody charges and has the ability to identify you.

Advantages

1. Simple and rapid execution of purchase or sell orders placed.
2. Possibility of having all securities of your portfolio managed by a single financial intermediary.

Interparfums is authorized to make use of provisions available by law to identify holders of securities conferring voting rights in shareholders' meetings.

Standard registered shares *(nominatif pur)*:

To register or convert your Interparfums shares as a standard registered shareholder, you must transfer the shares to CMC-CIC Market Solutions – Middle Office Corporates – Euroclear member No. 025 – 6 avenue de Provence– 75452 Paris Cedex 99 – Tel.: +33 (zero)1 53 48 80 10/Email: 34318@cmcic.fr.

You are registered directly with the Company as a shareholder and your securities are maintained in a custody-only securities account opened with CMC-CIC Market Solutions who will be your only contact for share services.

Advantages

1. No custody charges
2. Personalized information: the company sends you the notice for the General Meeting, the admission card in addition to all information for transactions involving the share.
3. Double voting rights in shareholders' meetings after the securities are held three years.
4. A French tax reporting form (Imprimé Fiscal Unique or IFU) is sent to your home address. This document, which will be requested by French tax authorities specifies the amount of shares sold, the value and the capital gain on sales of your Interparfums shares.

Administered registered shares *(nominatif administré)*:

To record or convert your Interparfums shares into administered registered shares, you must submit a request to your financial intermediary. Your financial intermediary remains your account holder. As such, it provides information about your holdings to CMC-CIC Market Solutions enabling the company to know your identity.

Advantages

1. Personalized information: the company sends you the notice for the General Meeting in addition to all information concerning transactions involving the share.
2. Facilitated access to the General Meeting: no prior formalities to render the shares temporarily nontransferable, and, on request, sending of the admission card.
3. Double voting rights in shareholders' meetings after the securities are held three years.

This letter to shareholders and other company publications can be downloaded directly from our website: www.interparfums.fr/publications

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Boucheron
Coach
Jimmy Choo
Karl Lagerfeld
Kate Spade
Lanvin
Moncler
Montblanc
Paul Smith
Repetto
Rochas
S.T. Dupont
Van Cleef & Arpels

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